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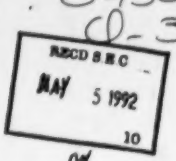

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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FORM 10-Q

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

L34

For the Quarter Ended March 31, 1992, commission file number 0-13364

SURGICAL CARE AFFILIATES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

62-1149229
(I. R. S. Employer Identification No.)

Registrant's telephone number, including area code (615) 385-3541

102 Woodmont Blvd. Suite 610, Nashville, TN 37205

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. All adjustments necessary to a fair statement of the results of this period reported have been included. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report. Common stock, par value $.25 per share, shares outstanding 35,908,710 at March 31, 1992.

PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SURGICAL CARE AFFILIATES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	MARCH 31, 1992	DECEMBER 31, 1991
ASSETS		
Current assets:		
Cash, including temporary investments of $61,715,341 in 1992, and $60,387,421 in 1991	$62,340,045	$61,037,668
Accounts receivable, less allowance for doubtful accounts of $4,205,731 in 1992 and $4,204,721 in 1991	17,057,002	16,107,526
Other receivables	3,307,474	2,493,396
Supplies	3,017,642	2,873,866
Prepaid expenses and other assets	947,411	579,258
Total current assets	86,669,574	83,091,714
Property & equipment, including leased properties:		
Land & improvements	17,783,502	17,396,184
Building	32,822,501	31,427,250
Equipment, furniture and fixtures	51,417,101	46,803,613
Construction in progress	1,072,790	1,333,148
	103,095,894	96,960,195
Less: accumulated depreciation and amortization	(25,160,898)	(23,472,722)
Net property & equipment	77,934,996	73,487,473
Other assets:		
Excess of cost over fair value of net assets acquired	29,375,953	26,886,225
Deferred development costs	3,870,360	3,892,417
Other assets	532,235	532,713
	$198,383,318	$187,890,542

SURGICAL CARE AFFILIATES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	MARCH 31, 1992	DECEMBER 31, 1991
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable - trade	$4,328,037	$4,123,097
Accrued liabilities	9,326,340	9,356,388
Medical Claims Payable	6,659,739	7,567,827
Current portion of long-term obligations	4,772,316	4,777,653
Accrued income taxes	5,309,239	3,779,625
Distributable to minority interests	43,771	2,502,972
Total current liabilities	30,439,442	32,107,562
Long-term obligations:		
Notes payable & other long-term debt	24,796,381	24,341,464
Capital lease obligations	15,359,160	15,674,729
Total long-term obligations	40,155,541	40,016,193
Minority interests	31,546,487	27,265,256
Shareholders' equity:		
Common stock, par value $.25, 100,000,000 shares authorized, 35,908,710 and 35,656,550 shares issued, and 35,908,710 and 35,656,550 outstanding in 1992 and 1991, respectively	8,977,178	8,914,138
Additional paid in capital	44,033,021	41,872,619
Retained earnings	43,231,669	37,714,774
Total shareholders' equity	96,241,868	88,501,531
	$198,383,318	$187,890,542

SURGICAL CARE AFFILIATES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED MARCH 31, 1992	THREE MONTHS ENDED MARCH 31, 1991
Net patient service revenues	951,143,774	837,591,336
Operating costs	(34,177,162)	(25,565,712)
Operating income	16,968,612	12,025,624
General, administrative and development expenses	(796,702)	(668,667)
Interest expense	(854,007)	(997,096)
Interest and Other income	1,278,072	1,226,416
Income before minority interests	16,595,975	11,586,277
Minority interests in (earnings) of partnerships	(6,135,699)	(4,863,212)
Income before income tax provision	10,460,276	6,723,065
Income tax provision	(3,974,905)	(2,689,226)
Net income	$6,485,371	$4,033,839
Earnings per common and common equivalent share:	$0.18	$0.11
Weighted average number of common and common equivalent shares outstanding	36,984,612	36,253,464

SURGICAL CARE AFFILIATES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	MARCH 31, 1992	MARCH 31, 1991
Cash Flows From Operating Activities:		
Net Income	$4,685,371	$4,033,839
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,043,023	1,481,540
Provisions for Losses on Accounts Receivable	113,543	139,088
Minority Interests in Earnings of Partnerships	4,135,699	4,863,212
Distributions to Minority Interests	(4,879,309)	(2,415,965)
Changes in Assets and Liabilities Net of Effect of Acquisitions:		
(Increase) Decrease in Accounts Receivable	(768,280)	722,751
Increase in Other Receivables	(814,078)	(152,685)
Increase in Supplies	(78,245)	(45,571)
Increase in Prepaids	(351,266)	(421,501)
Increase in Deferred Development Costs	(82,147)	(137,744)
Increase in Other Assets	(50,050)	(2,266,071)
Increase (Decrease) in Accounts Payable - Trade	97,733	(1,417,676)
(Decrease) Increase in Accrued Liabilities	(43,097)	234,786
Decrease in Medical Claims Payable	(908,068)	(1,178,229)
Decrease in Current Portion of Long-Term Obligations	(5,337)	(2,095)
Increase in Distributable to Minority Interests	(2,459,201)	(1,706,829)
Increase in Income Taxes Payable	1,529,614	2,703,157
Increase in Minority Interests	2,837,693	1,141,358
Net Cash Provided by Operating Activities	8,801,578	5,395,365
Cash Flows From Investing Activities:		
Decrease (Increase) in Temporary Investments	7,893,557	(822,381)
Capital Expenditures	(4,798,200)	(4,182,636)
Acquisitions Less Cash Acquired of $24,258 in 1992 and $0 in 1991	(1,851,947)	0
Net Cash Provided by (Used in) Investing Activities	1,243,410	(5,005,017)
Cash Flows From Financing Activities:		
Net Borrowings Under Line-of-Credit Agreement	1,515,988	918,298
Payments on Long-Term Obligations	(2,057,560)	(909,875)
Proceeds From Long-Term Obligations	0	2,500,000
Proceeds From Issuance of Common Stock	661,014	76,486
Dividends Paid	(968,496)	(455,355)
Net Cash (Used in) Provided By Financing Activities	(849,054)	2,129,554
Net Increase in Cash & Cash Equivalents	9,195,934	2,719,902
Cash & Cash Equivalents at Beginning of Period	16,285,360	15,017,578
Cash & Cash Equivalents at End of Period	$25,481,294	$17,737,480

For purposes of the statements of cash flows, the Company considers all certificates of deposits and highly liquid marketable securities with a maturity of three months or less to be cash equivilents.

Cash & Cash Equivalents at End of Period	$25,481,294	$17,737,480
Temporary Investments	36,858,751	33,632,500
Cash and Temporary Investments	$62,340,045	$51,369,980

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS:

Surgical Care Affiliates was organized in October of 1982, to develop, own and operate outpatient surgical care facilities. At the end of the first quarter of 1992, the Company had forty surgery centers in operation. The Company also operates a health maintenance organization.

Results of Operations

Revenues for the quarter ending March 31, 1992, were $51,145,774 compared to revenues of $37,591,336 for the comparable quarter of 1991. This was an increase of 36% for the quarter. The first quarter of 1992 net income of $6,485,371 or $.18 per share compared to first quarter of 1991 net income of $4,033,839 or $.11 per share represents an earnings per share increase of 64%.

The company intends to aggressively pursue its development and expansion plans. SCA plans to add 10 to 12 new centers during 1992.

In addition to record earnings and revenues, other achievements during the quarter included:

- A 35% increase in total case volume for all the SCA Centers;
- Same store volume increase of 12% for centers in operation over one year;
- An increase in cash and cash equivalents to $62.3 million at March 31, 1992;
- Payment of a $.027 per share cash dividend on March 10, 1992;
- Opened a new center in Nashville, Tennessee and finalized the acquisition of a center in Gadsden, Alabama;
- Commenced construction on new centers in Pueblo and Aurora, Colorado, and Knoxville, Tennessee.

During the quarter, Ken Melkus assumed the position of Vice Chairman and will focus on acquisitions, management of SCA's interest in the HMO, and long range strategic planning. William Hamburg was promoted to the position of President and Chief Operating Officer. Mr. Hamburg has been responsible for the operations of our surgery centers for the past seven years and will now be responsible for all operating aspects of the company. Tarpley Jones was elected Senior Vice President and Chief Financial Officer. These changes will enable the senior management team to more effectively take advantage of SCA's future growth opportunities.

In January, SCA opened its first center with overnight recovery rooms. This should allow the center to perform more intensive surgical cases which carry a higher revenue per case. The company plans to add overnight recovery rooms to existing centers and include them in newly constructed centers where allowed by local healthcare regulations.

Liquidity and Capital Resources

The company's cash and cash equivalents increased to $62,340,045 at March 31, 1992, up from $61,037,668 at December 31, 1991. The increase in cash is due to earnings during the quarter.

The debt to equity ratio declined from .45 to 1 at December 31, 1991, to .42 to 1 at March 31, 1992. The improvement is due to SCA's earnings which continue to increase shareholders' equity ahead of dividend requirements. The company's long-term debt obligations did not increase during the quarter.

Capital expenditures, including assets added from acquisitions, were approximately $6,100,000 for the quarter. Funds for these expenditures were provided primarily from operations. The company draws on its lines of credit to construct new facilities.

SCA expects to finance its plans of opening up to 12 new centers in 1992 with its existing cash balances, new funds generated from operations, and bank loans.

SURGICAL CARE AFFILIATES, INC. AND SUBSIDIARIES

FOR THE THREE MONTHS ENDED MARCH 31, 1992

Part II. Other Information

Item 1. Legal Proceedings. - None.

Item 2. Changes in Securities. - None.

Item 3. Defaults Upon Senior Securities. - None.

Item 4. Submission of Matters to a Vote of Security Holders. - None.

Item 5. Other Information. - None.

Item 6. Exhibits and Reports on Form 8-K. - None.

SIGNATUPE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SURGICAL CARE AFFILIATES, INC.
(Registrant)

Tarpley B. Jones
Senior Vice President and Chief
Financial Officer
(Principal Financial and
Duly Authorized Officer)
On behalf of Registrant

Date: May 1, 1992